

**FOOD AND NUTRITION SERVICE (FNS)
STRATEGIC PLAN 2000 TO 2005
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FOOD AND NUTRITION SERVICE STRATEGIC PLAN 2000 TO 2005

I. INTRODUCTION

The Food and Nutrition Service (FNS) is part of the Department of Agriculture's Food, Nutrition, and Consumer Services. The vision established for this mission area, which also includes the Center for Nutrition Policy and Promotion (CNPP), is :

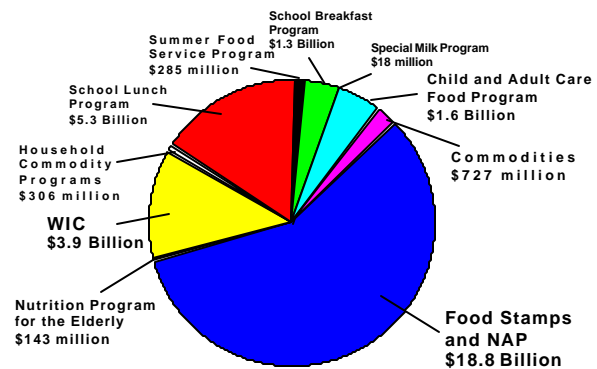
VISION – To lead America in ending hunger and improving nutrition and health

FNS is the Federal agency responsible for managing the domestic nutrition assistance programs. Its specific mission is:

MISSION -- To increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence.

Achieving food security for all Americans has been a long-standing challenge. Over the past half-century – beginning with the National School Lunch Program in 1946 – the nation has gradually built an array of nutrition assistance programs designed to help the most vulnerable populations meet their food needs. Taken together, the current programs form a nation-wide safety net supporting families and individuals in their efforts to escape food insecurity and hunger and achieve healthy, nutritious diets. The programs administered by FNS touch the lives of one in six Americans and account for over one-half of USDA's budget. Currently, taxpayers invest about \$35 billion annually to support the FNS mission and the goals of this plan.

1999 FNS Nutrition Assistance Program Outlays



The FNS Strategic Plan focuses on two fundamental goals and five component objectives:

- 1. IMPROVED NUTRITION OF CHILDREN AND LOW-INCOME PEOPLE**
 - Improved Food Security
 - Program Participants Make Healthy Food Choices
 - Improved Nutritional Quality of Meals, Food Packages, Commodities, and Other Program Benefits
- 2. IMPROVED STEWARDSHIP OF FEDERAL FUNDS**
 - Improved Benefit Accuracy and Reduced Fraud
 - Improved Efficiency of Program Administration

Federal Nutrition Programs: A Safety Net for Children and Low-Income People

The Federal programs described below work both individually and in concert with one another to improve the diets of children and low-income households. (Additional details about each program are available in the Appendix.)

- *Food Stamp Program (FSP)*: FNS's largest program, the FSP serves as the centerpiece and primary source of nutrition assistance for nearly 18 million low-income people. It enables eligible people, over 50% of whom are children, to improve their diets by increasing food purchasing power using coupons or electronic benefits that are redeemed at retail grocery stores across the country.
- *Child Nutrition Programs (CNP)*: The National School Lunch (NSLP), School Breakfast (SBP), Special Milk (SMP), Child and Adult Care (CACFP), and Summer Food Service (SFSP) Programs provide reimbursement to State and local governments for nutritious meals and snacks served to about 27 million children in schools, child care institutions, adult day care centers, and after-school care programs.
- *Special Supplemental Nutrition Program for Women, Infants and Children (WIC)*: WIC addresses the special needs of at risk, low-income pregnant, breastfeeding and postpartum women, infants and children up to 5 years of age. It provides over 7 million participants annually with supplemental food packages targeted to their dietary needs, nutrition education and referrals to health and social services. WIC is augmented in some localities by the Farmers Market Nutrition Program which provides fresh produce to WIC participants.
- *Commodity Assistance Programs*: These programs provide domestically-produced, high quality foods, some of which are in surplus, for use in the Child Nutrition Programs and for distribution to food banks and other emergency feeding organizations. In addition, commodity programs such as the Commodity Supplemental Food Program (CSFP) and the Food Distribution Program on Indian Reservations (FDPIR) provide food packages to low-income women, infants, children and the elderly, and to Native Americans living on Indian reservations.
- *Nutrition Program for the Elderly (NPE)*: NPE augments programs administered by the Administration on Aging by providing reimbursement and commodities for meals served at senior centers and through Meals on Wheels programs.
- *Disaster Assistance*: This program provides food in the event of major natural disasters or emergencies when ongoing nutrition programs and/or commercial food supply channels have been temporarily disrupted.

Legislative Mandates

Most key FNS program policies and resulting Federal expenditures are driven by the highly-detailed statutory authorities governing the programs. These include:

- The National School Lunch Act of 1946, as amended
- The Child Nutrition Act of 1966, as amended
- The Agriculture and Consumer Protection Act of 1973, as amended
- The Food Stamp Act of 1977, as amended
- The Emergency Food Assistance Act of 1983, as amended

FSP and CNP benefits are provided pursuant to statutory entitlements. Funding levels are established to allow all those who are defined by law as eligible to receive benefits if they apply. For WIC, NPE and most of the household commodity programs, benefits are not guaranteed to all those who are eligible; funding is limited to a set amount each year, and the programs are managed to provide access to as many participants as possible within the funding limits established by Congress.

Eligibility for Federal nutrition benefits is targeted towards the most vulnerable groups, such as very low-income households, the elderly who need help with meal preparation, and school children. These are people who frequently must deal with a wide range of challenges and crisis in their lives. Effective program administration needs to be understood within this context. The programs will meet the goals and objectives laid out in this plan only to the extent that applicants and participants are treated fairly, with dignity, and with sensitivity to their diverse backgrounds and multiple needs.

Harnessing America's Agricultural Abundance to Improve Nutrition

The earliest Federal nutrition assistance programs were part of a policy designed to support production agriculture. Price support and surplus removal programs, first developed in the 1930's, were designed to minimize disruption of the American agricultural economy due to volatile price and demand conditions. Provision of surplus food to those in need was originally viewed as a humane adjunct function of this policy, which was intended primarily to safeguard the Nation's ability to produce its own food.

Today, although the programs have diversified in purposes and approach, they continue to operate in ways that support the Nation's agricultural economy. Food-based benefits are either acquired by participants through normal channels of retail trade, purchased by the government at market value, or distributed as part of the government's agricultural surplus removal and price support efforts. FNS works closely with other USDA programs consistent with the Department's vision of "a healthy and productive Nation in harmony with the land" and this plan recognizes their key connection to American agriculture.

Program Impacts: What We Know

Up until the mid-1960's the nation's investment in nutrition programs was fairly modest. However, reports from three major nutrition surveys in the late 1960's and early 1970's documented patterns of inadequate food consumption among low-income populations that resulted in serious nutritional deficiencies. Most of today's nutrition assistance programs started and grew against this backdrop.

By some measures, the nation's investment in nutrition assistance is a marked success: the gap between the diets of low-income and other families has virtually disappeared. By other measures, there is more work to be done: hunger in America persists. And by still other measures, the task before us is more challenging than ever: to enable all Americans to make food choices that promote long-term health and prevent disease.

Participation in the Food Stamp Program raises household food expenditures and increases nutrient availability.¹ Participation in WIC leads to better pregnancy outcomes—fewer infant deaths, fewer premature births, and increased birthweights—and saves money.² The National School Lunch Program gives

Federal Nutrition Assistance: A Record of Success

- Periodic surveys to assess the eating habits of the American people show that the diets of the poor improved markedly between 1965 and 1978, a period that marked the nationwide expansion of the Food Stamp Program and the introduction of WIC: the percentage of low-income households with diets that met 100 percent of the Recommended Dietary Allowances (RDAs) for 7 key nutrients essential to good health grew from less than 40 percent to about 50 percent, more than double the increase (from 50 percent to 55 percent) seen in the general population over that period.
- A more recent review found no unique nutrient intake problems among food stamp participants, concluding that the program has apparently achieved the goal of ensuring basic equity in access to food regardless of income.

¹ Studies show that each dollar increase in cash is associated with additional food expenditures of \$0.05 to \$0.13. Thomas M. Fraker, *The Effects of Food Stamps on Food Consumption: A Review of the Literature* (Alexandria, VA, Food and Nutrition Service, 1990).

children the nutrition they need to develop and grow.³ In addition to providing healthful food, the presence of a School Breakfast Program means that low-income students are more likely to start their school day with a substantial breakfast, ready to learn.⁴

But there is still more to do. Despite the strength of the nation's nutrition assistance programs and the strongest economy in a generation, the problem of hunger in this country still persists. In 1998, nearly 10 million people, over a third of them children, lived in households in which some members experienced hunger. There is a need to sustain well-targeted nutrition assistance as long as hunger remains among us.

There is also growing awareness that making sure people have enough food is not enough; people must have the knowledge and motivation to make food choices that promote health and prevent disease. Diet-related health conditions are an increasing problem in the United States:

- Four of the ten leading causes of death—coronary heart disease, certain cancers, stroke and Type II diabetes—are related to nutrition. These conditions account for over 1.2 million deaths per year, and the economic cost of these conditions attributable to diet is \$71 billion per year.⁵
- Overweight and obesity, related to both diet and physical activity, contribute to these and other disabling conditions, and have reached epidemic proportions for adults⁶ and children⁷.
- Osteoporosis, related to inadequate calcium intake and retention, affects more than 25 million Americans.
- Iron deficiency anemia, which affects birth outcomes and childhood learning, affects 3 percent of children ages 1 to 2 years and 4 percent of women ages 12 to 49 years.⁸
- Low birth weight, a poor pregnancy outcome related to poor maternal weight gain and inadequate maternal nutrition, occurred in 7.3 percent of live births in 1995.

Research has shown that behaviorally-oriented nutrition education and social marketing efforts can improve dietary behaviors.⁹ The Agency's strategic plan will integrate these strategies into Federal nutrition assistance programs to improve dietary behaviors and help to prevent diet-related health problems.

² In the first 60 days after birth, the Medicaid savings for newborns and their mothers averaged between \$1.77 and \$3.13 for every dollar spent on WIC. Devaney, B, L Bilheimer and J Schore (1991). "The Savings in Medicaid Costs for Newborns and Their Mothers from Prenatal Participation in the WIC Program, Volume 1." USDA Food and Nutrition Service, Office of Analysis and Evaluation, 1991.

³ The 1993 School Nutrition Dietary Assessment Study found that the school lunch provided one-third or more of the Recommended Dietary Allowance for key nutrients essential for good health. Burghart, J et al (1993). The School Nutrition Dietary Assessment Study: School Food Service, Meals Offered, and Dietary Intakes." USDA Food and Nutrition Service, Office of Analysis and Evaluation, 1993.

⁴ Devaney, B and J Stuart (1998). "Eating Breakfast: Effects of the School Breakfast Program." USDA Food and Nutrition Service, Office of Analysis and Evaluation, 1998.

⁵ E. Frazao: "High Cost of Poor Eating Patterns in the United States." In *America's Eating Habits: Changes and Consequences*. Agriculture Information Bulletin Number 750. USDA-ERS, 1999.

⁶ Flegal, KM et al, (1998). Overweight and Obesity in the United States: Prevalence Among U.S. Adults: NHANES III (1988-94). *International Journal of Obesity* 22:39-47, 1998.

⁷ Troiano, RP and KM Flegal (1998). Overweight Children and Adolescents: Description, Epidemiology, and Demographics. *Pediatrics* 101:497-504, 1998.

⁸ Looker, AC et al (1997). Prevalence of Iron Deficiency in the United States. *Journal of the American Medical Association* 277:973-976, 1997.

⁹ Contento, I et al (1995). The Effectiveness of Nutrition Education and Implications for Nutrition Education Policy, Programs, and Research: A Review of Research. *Journal of Nutrition Education* vol. 27, Number 6, December 1995.

Nutrition Programs Have Other Important Outcomes

The nutrition assistance programs do not operate in a vacuum. Most are imbedded in settings and systems that have been developed to offer other services to low-income people or to children. The FSP is managed as a part of States' public assistance systems, existing along side of and augmenting the Temporary Assistance for Needy Families Program (TANF) and other social support services. WIC operates and depends on the public health system for its infrastructure support; the Child Nutrition Programs are housed within local education and child-care systems. Key to appreciating the impact of the nutrition assistance programs, then, is the recognition that they support many auxiliary purposes in addition to improving food security and nutrition.

- The Food Stamp Program supports the successful transition from welfare to work. The importance of nutrition support does not diminish as families leave welfare. For some working full time at minimum wage, Food Stamps make the difference between living in poverty and rising beyond it.
- Child Nutrition reimbursements provide important financial support to schools and child care facilities that allows them to focus their scarce resources on other aspects of education and quality care. The meals that are provided have a positive effect on readiness to learn, thus contributing to better academic achievement.
- The WIC Program serves as both access to, and critical support for, the health care system for at-risk pregnant women, infants, and young children. Prenatal and well-baby care, and childhood immunization rates are enhanced because of WIC.
- The Commodity Programs attract recipients to local community organizations and allow them to leverage their resources to provide other important support services like job training and tutoring.

The diverse structure of the programs maximizes the impact of the Nation's investment in nutrition assistance, while also supporting missions and purposes that, although they are the primary responsibility of other Federal agencies and programs, are central to the well-being and futures of children and other vulnerable populations. This strategic plan tries to strike an appropriate balance by maintaining the focus on the primary mission for FNS – improved nutrition – while still providing critical coordination and support for many other objectives that are key to childhood and family well-being.

II. THE EXTERNAL ENVIRONMENT

FNS administers its programs in an environment that includes not only other agencies within USDA, but other Federal, State, Territorial, Tribal, and local agencies, Congress, the private sector, private non-profit organizations, and, of course, the ultimate customers -- program participants.

The Federal-State Nutrition Assistance Partnership

Federal nutrition assistance programs operate as partnerships between FNS and the State and local organizations that interact directly with program participants. States voluntarily enter into agreements with the Federal government to operate programs according to Federal standards in exchange for program funds that cover all benefit costs, as well as a significant portion of administrative expenses.

Through these agreements, FNS is responsible for implementing statutory requirements that set national

program standards for eligibility and benefits, providing Federal funding to State and local partners, and monitoring and evaluating to make sure that program structures and policies are properly implemented and effective in meeting program missions. State and local organizations are responsible for delivering benefits efficiently, effectively, and consistent with national requirements. Satisfactory program outcomes and customer service are heavily dependent on quality implementation at the grass roots level.

FNS can only achieve the goals and objectives outlined in this plan with strong communication and cooperation with its State and local partners.

Other Important Partners and Stakeholders

Federal nutrition assistance programs are operated in conjunction with a number of other Federal agencies, both within and outside USDA. FNS works with the Agricultural Marketing Service (AMS), the Farm Service Agency (FSA), and the Food Safety and Inspection Service (FSIS) to acquire commodity foods for distribution to State and local program partners, and to ensure their safe handling and use in the programs.

The Agency works closely with the Cooperative State Research, Education and Extension Service (CSREES), the Center for Nutrition Policy and Promotion (CNPP) and the Agriculture Research Service (ARS) to develop and deliver science-based nutrition education targeted to program participants and to insure that program policy reflects the latest developments in the field of nutrition science. The Economic Research Service (ERS) has been provided appropriated funds to conduct research related to the nutrition assistance programs and their target populations.

FNS also works closely with many other Federal agencies outside of USDA that provide services to low-income families, or have responsibility for health, nutrition or education policy. Among these are a variety of agencies within the Department of Health and Human Services including the Administration on Children and Families, the Maternal and Child Health Bureau, and the Centers for Disease Control and Prevention, as well as the Social Security Administration and the Departments of Education, Housing and Urban Development and Labor.

In addition, FNS works with a wide range of professional and academic organizations, private sector firms, and private non-profit organizations at the local, State, and national levels. Organizations representing program partners and cooperators, businesses like the retail food and banking industries and various agriculture producer groups, and public interest advocates all play a critical role in sustaining the effectiveness of these programs. These kinds of groups had a role in developing the goals and strategies included in this plan.

FNS's Administrative Role

FNS plays a specific role in program administration; State and local partners also have their assigned roles. The Agency receives specific funding from Congress to carry out its responsibilities and with those funds is able to employ approximately **1600** employees. Approximately one-third of these employees are in a headquarters office with the remaining two-thirds in 7 Regional and 69 field offices. In general, headquarters staff carries out policy decisions made by the Under Secretary for Food, Nutrition, and Consumer Services; regional staff interact with State and local agencies and provide technical assistance and oversight to insure that laws and regulations are properly implemented. Field offices are primarily tasked with FSP authorization and oversight of retail food stores which, by law, are direct Federal responsibilities.

The Agency employs people from a variety of disciplines, including policy and management analysts, nutritionists, computer and communication experts, accountants, investigators, and program evaluators.

At present, the Federal Food Program Account – which funds most of the Agency's administrative expenses -- represents **one-third of 1%** of the total FNS budget. The Agency employment level represents **less than 2%** of the total employment within USDA.

III. STRATEGIC GOALS AND OBJECTIVES

This plan establishes outcome-oriented goals and objectives for Federal nutrition assistance programs, as well as a unifying vision for the programs, their purposes and their contributions to the Nation over the next five years. It recognizes that the mission and principal goal of FNS is to provide a safety net that serves to increase food security and reduce hunger for the most vulnerable in our society through multiple nutrition assistance programs.

The accomplishment of this goal is dependent on many factors. Central among these is the inescapable fact that the size of the Federal investment in nutrition assistance and the vulnerability of many FNS programs to abuse (either intentional or as the result of poor management practices and error) requires that a high priority be placed on safeguarding Federal dollars against waste, fraud and abuse. Hence, FNS has set two central goals—improving nutrition for children and low-income people, and improving stewardship of Federal funds.

This plan is underpinned by several other operating principles which are worthy of recognition. First is the importance of sound partnerships with the State and local agencies that are responsible for actual program delivery and with other Federal agencies with related program missions. As the Agency moves forward over the next 5 years with its annual performance plan process, it intends to identify and strengthen those partnerships that contribute the most to achieving the outcomes identified in this plan.

In addition, the plan is based on the understanding that success requires disciplined, fact-oriented priority-setting and balance among a range of priorities. Priority-setting is needed because the mission of the Agency is large, and the programs operate in a volatile environment, while the resources available to carry out the mission and solve problems are limited. Balance is required to meet the distinct challenges of providing program access (Goal 1) and at the same time maintaining adequate control of Federal funds (Goal 2). Further, there are also important distinctions between the viewpoint of the Federal government and the diverse perspectives of key stakeholders, including States, localities, private industry, and public interest groups. FNS will attempt to secure the best program outcomes by setting appropriate priorities within the context of these varied perspectives and challenges.

Developing The Strategic Plan: The Role Of External Entities

FNS sought to incorporate the viewpoints of its partners and key stakeholders in this Strategic Plan by engaging in an extensive outreach process. FNS regional offices conducted a series of meetings with State agencies, local program providers and nutrition, health, and education advocates. Agency headquarters officials and staff invited a number of national organizations, including professional organizations, public advocacy groups, other Federal agencies, and representatives of private industry. FNS employees across the country participated in presentations and discussions on the revised plan. In addition, the FNS website published a set of informational materials on the proposed revision, and provided an e-mail interface to submit comments and proposed changes.

As a result of its outreach process, FNS received a large volume of comments and proposed revisions as well as a number of methods and data sources for measuring agency performance. Most comments were supportive of the revised plan structure, though a number of changes were suggested and made. FNS also received extensive recommendations for policy changes, program actions and initiatives that could be undertaken by the Agency and its partners in support of the goals and objectives. These were used in developing the full plan. A complete analysis of the comments we received is available on our web site.

GOAL 1: IMPROVED NUTRITION FOR CHILDREN AND LOW-INCOME PEOPLE

The programs administered by FNS represent the Federal government's primary response to a formidable challenge for our Nation—the problems of hunger, food insecurity, and poor diet quality. Improvements in these areas for the children and low-income people that the programs serve thus represent fundamental measures of performance in meeting our mission over time.

The agency plans to improve the nutrition of children and low-income people through three central objectives: improving food security by assuring access to the FNS programs, improving the food choices made by program participants, and ensuring that the commodities FNS provides and the policies governing benefit structures and meal standards are consistent with the Federal *Dietary Guidelines for Americans* and other science-based nutrition standards.

Objective 1.1: Improved Food Security

Performance Targets:

- **Reduce hunger among children and low-income people**
- **Increase the rate of Federal nutrition assistance program participation among eligible people**

Food security, as defined by the American Society for Nutritional Sciences, represents access by all people at all times to enough food for an active, healthy life. Food security includes at a minimum: (1) the ready availability of nutritionally adequate and safe foods, and (2) an assured ability to acquire acceptable foods in socially acceptable ways.¹⁰ Food insecurity occurs when access to food is limited or uncertain. Hunger – the inability, even occasionally, to obtain enough food – is a severe form of food insecurity.

FNS has worked with the research community through the Food Security Measurement Project to develop a measure of household food security that identifies different levels of food security based on a range of conditions and behaviors experienced by household members. This measure, administered as part of the U.S. Census Bureau's Current Population Survey, is used to develop an annual estimate of the prevalence of food security and food insecurity across the Nation. Data from this measure collected in 1998 suggests that while the strongest economy in a generation and the continued effectiveness of the nation's nutrition assistance programs have helped most American households achieve or maintain food security, the problem of hunger in this country still persists. In 1998, 10.2 percent of all households, including over 36 million people, were food insecure. Evidence of hunger was found in 3.6 percent of all households in 1998; nearly 10 million people, over a third of them children, lived in such households.

The prevalence of hunger was significantly correlated with household incomes below the official poverty line. Of the 12.4 million households with incomes below the poverty line in 1998, over one-third were food insecure, and 13.5 percent experienced hunger—rates several times higher than the national average. Most households that experienced hunger had incomes below 130% of the poverty line.

Many of the strategies in this plan are intended to reduce hunger and food insecurity. Specifically, the plan is intended to contribute to the fulfillment of the Federal government's effort, embodied in the U.S. Action Plan on Food Security, to reduce domestic food insecurity by 50% by 2015.

Time Frame for Completion: Ongoing

Strategies for Achieving the Objective

- Maintain program access and benefit delivery for all FNS programs
- Improve the rate of Food Stamp Program participation among eligible, underserved populations

¹⁰ See Anderson, S.A. (ed.), "Core Indicators of Nutritional State for Difficult-to-Sample Populations," *Journal of Nutrition* 120 (11S): 1557-1600, 1990.

- Expand the availability of the School Breakfast and Summer Food Service Programs, and the after-school snack components of the National School Lunch and the Child and Adult Care Food Programs
- Improve targeting of Child and Adult Care Food Program to low-income children
- Improve benefit adequacy in the Food Stamp Program and expand eligibility for certain vulnerable groups who are currently ineligible to participate
- Seek funding to support full participation in the WIC Program

Performance Measures

The primary measure of performance for Objective 1.1 is the household food security measure developed by the Food Security Measurement Project, which is administered as part of the Current Population Survey.¹¹ The measure identifies households' food security status along a continuum that is segmented into three categories: food secure, food insecure without hunger, and food insecure with hunger. FNS uses the prevalence of the third category, food insecure with hunger, among children and low-income people as a measure of the overall performance of Federal nutrition assistance programs.

In addition, the Agency intends to project and track participation rates as a proportion of eligible or target populations for the largest nutrition assistance programs. This is intended both to provide an important supplementary measure of program performance, and to provide a basis for evaluating the relationship between program coverage levels and the food security outcomes the programs are intended to influence. (Specific explanations of the derivations of these and other performance targets included in this plan are assembled in a separate document, "FNS Strategic Plan 2000-2005: Performance Measures," available on the FNS website.) Future projections of actual program participation levels are based on a range of economic and demographic factors, and are updated frequently as part of the budget process; these figures, rather than coverage rates, will be integrated into annual performance plans and other annual budget documents.

1. Food Security Index:

- Baseline: In 1998, 11.8% of households at or below 130% of poverty were "food insecure with hunger". → **Target: Reduce to 7.9% – an approximate one-third reduction – by 2005**
- Baseline: In 1998, 9.7% percent of children (up to age 17) in households at or below 185% of poverty were "food insecure with hunger".
→ **Target: Reduce to 7.8% – an approximate 20% reduction – by 2005**

2. Rates of eligible populations participating in the major Federal nutrition assistance programs:

- Baseline: In 1997, 64% of individuals below 130% of poverty participated in the Food Stamp Program. → **Target: Reach 68% – a 6.3% increase – by 2005¹²**
- Baseline: In 1997, 87 percent of all individuals fully eligible for the WIC Program participated in the program. → **Target: Reach 90% – a 3.4% increase – by 2005¹³**

¹¹ For an explanation of the measure and its development, see Bickel, Gary, and Steven Carlson, "Household Food Security in the United States 1995 – 1998 (Advance Report)," Food and Nutrition Service, USDA, July, 1999, esp. pp. 4, 9-11.

¹² FSP coverage baseline uses September 1997 participation and March 1998 CPS data for 1997.

- Baseline: In SY1995-96, 51% of children enrolled in school participated in NSLP.
→ **Target: Reach 55% – a 7.8% increase – by SY2004-2005¹⁴**
- Baseline: In SY1995-96, 13% of children enrolled in school participated in SBP.
→ **Target: Reach 18% – a 38.5% increase – by SY2004-2005¹⁵**
- Baseline: In 1999, 3.9% of all children ages 0 to 18 years of age (inclusive) participated in CACFP. → **Target: Reach 5.1% – a 33.3% increase – by 2005¹⁶ (The target reflects plans to expand the after-school snack component of CACFP.)**
- Baseline: In 1997, 12% of free and reduced price eligibles participated in the SFSP.
→ **Target: Reach 17% – a 41.7% increase – by 2005¹⁷**

Objective 1.2: FNS program participants make healthy food choices

Performance Targets:

- **Improve the diets of children and low-income people**
- **Increase the rate of breastfeeding among WIC participants**

Another key outcome for FNS programs is improvement in diet quality for those served by FNS programs. In addition to the persistent problems of food insecurity, many significant nutrition problems result from deficiencies in diet quality—the proper variety and quantities of foods and nutrients in an individual’s diet to promote their health and well-being.

FNS plans to pursue a range of efforts to promote better diet quality among participants through program-based nutrition education and other nutrition services, by developing a nutrition promotion campaign that reaches a range of those eligible for nutrition assistance programs, and by working to foster environments in schools and other program settings that support and encourage healthy food choices. FNS will also work closely with the Center for Nutrition Policy and Promotion (CNPP) to ensure that its efforts to improve the diet quality of program participants are consistent with the Center’s strategies to promote better diets for the general population.

Timeframe for Completion: Ongoing

Strategies for Achieving the Objective

- Improve program-based nutrition education
- Promote healthy eating environments in schools
- Conduct a national nutrition promotion campaign directed at children and their caregivers eligible for nutrition assistance
- Via WIC, promote breastfeeding as the preferred infant feeding practice

¹³ WIC coverage estimates use average monthly participation for the year calendar. If WIC eligibles estimation methodology changes, baseline and target will be adjusted to reflect new methodology.

¹⁴ NSLP coverage baseline based on FY96 average daily participation (thousands) of 25,944 and estimated public and private school enrollment (thousands) of 50,540.

¹⁵ SBP coverage baseline based on FY96 average daily participation (thousands) of 6,584 and estimated public and private school enrollment (thousands) of 50,540.

¹⁶ CACFP coverage baseline calculated using March 1999 average daily attendance 2,861,851 divided by the population estimate for children 0-12 for 1999 of 46,697,000.

¹⁷ SFSP eligibles based on CPS estimates of the number of school age children at or below 185 percent of poverty. Baseline uses 1998 peak participation (thousands) of 2,304 divided by March 1998 CPS estimate (thousands) of 19,414 school aged children at or below 185 percent of poverty

- Encourage the development of State capacity to deliver integrated nutrition education programs

Performance Measures

The critical measure in determining progress in achieving Objective 1.2 is the Healthy Eating Index (HEI), a measure of diet quality developed by the Center for Nutrition Policy and Promotion. The HEI is based on data collected through USDA's Continuing Survey of Food Intakes by Individuals (CSFII), and identifies the extent to which the diets of those surveyed conform to the recommendation of the *Dietary Guidelines for Americans* and the Food Guide Pyramid. Individual diets are scored on a scale from 1 to 100: scores over 80 are classified as "good," scores from 51 to 80 as "needs improvement," and score under 50 as "poor". FNS uses the average Index scores of children and low-income people to measure program performance under this objective, and to set targets that are consistent with Federal goals for overall dietary improvements.¹⁸

FNS will also measure the proportion of WIC mothers who initiate breastfeeding as a critical component of good diet quality for infants—a participant population not included in the Healthy Eating Index.

1. Healthy Eating Index:

- Baseline: In 1996, the average HEI rating of people with incomes under 130% of poverty was 61 out of a possible 100. → **Target: Reach a rating of 66 out of 100 for this group by 2005.**
- Baseline: In 1996, the average HEI rating of children (ages 2-18) with incomes under 185% of poverty was 63 out of a possible 100.
→ **Target: Reach a rating of 68 out of 100 for this group by 2005.**

2. Breastfeeding:

- Baseline: In 1997-98, 41% of WIC mothers initiated breastfeeding.
→ **Target: Reach 50% by 2003-04.**¹⁹

Objective 1.3: Improved nutritional quality of meals, commodities and other program benefits

Performance Targets:

- **Improve the nutrient content of food-based benefits**
- **Ensure that all nutrition assistance benefits contribute optimally to good nutrition for program participants**

This objective reflects the special role that Federal government plays in providing food-based benefits to program participants. Ensuring the adequacy, quality, and nutritional soundness of the benefits is an essential part of ensuring that the programs truly function as nutrition programs.

¹⁸ For more information, see Bowman S.A., et al, *The Healthy Eating Index: 1994-96*. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. CNPP-5.

¹⁹ WIC breastfeeding initiation rates from WIC Participant and Program Characteristics (PC) data. Baseline as shown represents preliminary data from PC98, based on reports from 66 of 88 WIC state agencies. This may be adjusted to estimate national rate. Target is set for 2003-04 as data collection is done in even years only.

Timeframe for Completion: Ongoing**Strategies for Achieving the Objective**

- Design program benefit structures using policies that are consistent with current dietary guidance
- Provide nutritious commodities to institutional and household food distribution programs
- Provide technical assistance to State/local partners to ensure that meals meet appropriate nutrition and safety standards
- Study the effects of a universal breakfast program on nutrition and school performance

Performance Measures

- Baseline: In 1993, NSLP meals provided 38% calories from total fat, 15% calories from saturated fat, and 33% of the RDA for calories, vitamins and minerals²⁰.
→ ***Targets: By 2005, reach less than or equal to 30% calories from total fat and less than 10% calories from saturated fat; maintain calorie, vitamin and mineral content at greater than or equal to 33% of RDA.***
- Baseline: In 1993, SBP meals provided 31% calories from total fat, 14% calories from saturated fat, 24% of the RDA for calories, and 25% of the RDA for vitamins & minerals.
→ ***Targets: By 2005, reach less than or equal to 30% calories from total fat and less than 10% calories from saturated fat; increase calories to at least 25% of RDA; maintain vitamin and mineral level at greater than or equal to 25% of RDA.***
- Baseline: In 1996, 90% of CACFP meals met FNS meal pattern requirements.
→ ***Target: Maintain 90% through 2005***
- The Agency also intends to determine the proportion of SFSP meals meeting FNS meal pattern requirements, and maintain or improve this level through 2005.

RESOURCES NEEDED

Accomplishment of this goal and its 3 objectives is dependent on stable funding of the programs – funding for both benefit and State and Federal administrative costs. In addition, some of the strategies envisioned by this plan can only be accomplished through the appropriation of additional funds. For example, the universal breakfast study and strategies to improve Food Stamp participation rates and nutrition education efforts are heavily dependent on the appropriation of special funding for those projects. Annual performance plans will reflect the agency's intent to make such requests. It is also important to recognize that the Agency's ability to pursue annual plans to accomplish the strategies contained in this goal are completely dependent on the resources that are made available to it for staff and materials. At its current funding levels, FNS must choose between basic program maintenance activities and new initiatives that would have a favorable impact on improving goal accomplishment.

KEY EXTERNAL FACTORS AFFECTING GOAL ACHIEVEMENT

The accomplishment of this goal is dependent on a variety of factors; some are within the influence of FNS, while others are outside its scope. First, the success of the programs is dependent on actions relative to statutory authorities and program funding levels – legislative impediments to full program access or

²⁰ "Vitamins and minerals" includes vitamin A, vitamin C, calcium, and iron.

inadequate levels of appropriations have impacts on the quality and quantity of benefits, as well as the programs' ability to reach all those who need assistance. Goal accomplishment is also critically dependent on the quality of program delivery at the State and local levels.

More global issues also affect the success of nutrition assistance programs. For example, the strength of the economy, the availability of jobs, and the impacts of welfare reform will affect the potential size of program caseloads. Also of key importance to the success of nutrition programs is the priority that the American population as a whole places on healthy eating. FNS nutrition education efforts operate on a larger stage where program participants are exposed to the same pressures and messages that influence all people. Efforts to improve the diets of program participants will be supported or impeded by what goes on in the society at large, including the changing products and practices in the food marketplace, and nutrition promotion activities designed to reach all Americans.

PROGRAM EVALUATION

FNS has a long record of initiating rigorous empirical evaluation of program outcomes and impacts. This has been done using a combination of administrative data collected from States, special studies and surveys, extant data collected by the Census Bureau and others, and cooperation with and funding for those agencies to capture data relevant to FNS programs. Since funding for FNS studies and evaluations has been transferred to another USDA agency, FNS is no longer able to guarantee its ability to gain access to the necessary data to measure nutrition outcomes or to develop new measures if needed. As part of its annual planning processes, the Agency will communicate its needs in this area to the Economic Research Service (ERS).

GOAL 2: IMPROVED STEWARDSHIP OF FEDERAL FUNDS

This goal embodies the responsibilities of FNS along with its State and local partners to ensure that funding is used properly, efficiently, and with strong safeguards against misuse. The Agency has made ensuring effective funds management a top strategic goal because of the size of the Federal investment in nutrition assistance and operating experience which suggests that the structure of many of the programs makes them susceptible to various forms of misuse. This susceptibility varies by program and stems from many different sources. However, some general characterizations can be made:

1. Program administration is highly decentralized and can involve a myriad of governmental and non-governmental organizations. For example, there are about 178,000 retail food stores authorized to accept food stamp benefits; assuring retailer compliance with program rules represents a formidable challenge to FNS given this number of locations, the volume of transactions and the level of profit available to those who choose to violate the law and program rules. Many program operators – be they child care sponsors, food banks, or small school districts – simply do not have the capacity to develop robust accountability processes. This puts a special burden on Federal and State oversight and technical assistance systems.

2. States and localities tend to focus on managing local funds, rather than Federal funds. One hundred percent of benefit costs and a significant portion of the administrative expenses incurred by State agencies are funded by Federal appropriations. Although this distribution of costs has contributed to the strength of the nutrition safety net by providing national eligibility standards and program access, and a relatively stable source of funding, States and localities may reasonably be expected to put a higher priority on managing programs funded with local revenues than those subsidized by the Federal government.

3. Proper implementation of nutrition assistance programs requires a high degree of accuracy. This accuracy helps to ensure that benefits are generally well-targeted to those most in need, that there is uniformity of access across the country, and that benefits can only be used for food. Such exacting standards do, however, create a significant number of opportunities for error.

Notwithstanding the inherent difficulties in managing nutrition assistance programs, the scarcity of Federal resources and the importance of those resources to program participants makes it imperative for FNS to ensure that the nutrition programs serve all those in need at the lowest possible cost. Ensuring efficiency in program operations and minimizing losses due to fraud and error are integral parts of the Agency's mission. Furthermore, maintaining public confidence in these programs is essential to ensuring that they continue to function successfully.

The objectives FNS will use to improve performance in this area reflect the division of administrative responsibility between the Agency and its program partners. FNS stewardship responsibilities include regular assessment to assure that programs are designed to provide optimum service at a minimum cost, that the programs take advantage of advances in technology and other innovations, that oversight systems are in place to detect losses of funds from whatever source and, that where appropriate, claims and sanctions for poor performance or illegal acts are pursued. FNS also interacts with State agencies to support them in pursuing their local oversight, funds control and policy responsibilities. In light of this broad range of responsibilities, Goal 2 is divided into two objectives – one directed at minimizing program losses that are the result of either error or fraud, the other aimed at improving program operations through better program design, business processes, and management practices.

Objective 2.1: Improved benefit accuracy and reduced fraud. This objective deals with the program's responsibilities to minimize the loss of program resources due to error or fraud.

Performance Targets:

- Increase accuracy of benefit issuance
- Reduce and prevent program losses due to fraud and abuse

Timeframe for Completion: Ongoing

Strategies for Achieving the Objective

- Improve the Food Stamp benefit payment error rate
- Reengineer and improve Food Stamp retailer compliance activities
- Enhance Federal and State use of management evaluations and other review /audit systems
- Improve other accountability processes in the CACFP, WIC, SFSP and school programs
- Improve collection of claims and use of sanctions, penalties and incentives
- Improve local agency procurement practices in the school programs
- Increase training and technical assistance to improve State and local management practices in vulnerable programs/functions
- Improve systems to oversee State expenditures and automated systems development

Performance Measures

FNS will measure performance under this objective through measures of the proportion of benefits accurately issued, and the level of compliance activity that results in recoupment of funds lost to

fraud and abuse. Because systems to capture this data do not exist in all programs, a number of proxy measures are used. FNS intends to continue to refine and improve these measures for future plan revisions. The Agency will also make use of the management control process to assess and correct vulnerabilities under these objectives, and will use special surveys and data analyses to measure performance in critical and emerging areas related to benefit accuracy and fraud reduction.

1. Benefit accuracy:

- Baseline: In 1998, the Food Stamp payment accuracy rate was 89.31%.
→ **Target: Increase to 90.8% – a 13.9% reduction in error – by 2005**
- Baseline: In 1997, 85.5% of school food authorities reported accurate meal counts.
→ **Target: Increase to 90% – a 31.0% reduction in error – by 2005**
- Baseline: In 1997, free participation in the NSLP was 18% above the estimated number of eligible children. → **Target: Decrease to 9% – a 50% reduction – by 2005**

2. Fraud reduction/funds recovery:

- Baseline: In 1998, 68% of established FSP claims were collected.
→ **Target: Increase to 75% – a 10% increase – by 2005**
- Baseline: In 1998, 1423 sanction actions were taken against FSP authorized stores.
→ **Target: Maintain annual baseline through 2005**
- Baseline: Percentage of vendor monitoring visits and investigations per number of vendors. (Baseline under development.) → **Target: Increase above baseline by 2005**
- Baseline: In 1997, there were an average of 171 WIC participants per vendor.
→ **Target: Maintain baseline through 2005**
- Baseline: In 1998, FNS received an unqualified opinion on its financial statement audit.
Target: Unqualified opinions through 2005

Objective 2.2: Improved efficiency of program administration. This objective reflects the Agency's efforts to ensure that the programs optimize the use of each Federal, State or local program dollar. It encompasses a wide range of functions whose relative importance could shift from year to year.

Performance Targets:

- **Improve customer service**
- **Eliminate unnecessary program costs**
- **Accurately account for use of program resources**
- **Maximize effectiveness of Agency resources**

Timeframe for Completion: Ongoing

Strategies for Achieving the Objective

FNS intends to pursue this objective through two broad strategies: improvements in program design and delivery, and improvements in internal Agency management. In each of these areas, the Agency is examining both its internal and program-level business processes, and working to improve these processes through reengineering, new technologies, and other opportunities for innovation that result from a changing environment:

Program design and delivery:

- Reengineer commodity ordering/delivery processes
- Expand implementation of EBT systems for the FSP and WIC Programs
- Improve competition among EBT service providers
- Develop improved measures of success for all programs
- Improve use of studies and evaluations to inform policy and refine outcome measures
- Increase use of simplified application options in the school programs
- Seek increased State involvement in the implementation of this plan

Agency management improvements:

- Install Leadership 2000 and Beyond (an agency total quality management system)
- Reengineer selected Agency business processes
- Improve Agency technology infrastructure
- Expand Internet and FNS Intranet functionality for information-sharing and reporting
- Improve diversity in FNS workforce

Performance Measures

The key outcomes being pursued through this objective focus on four areas: 1) improved customer service; 2) elimination of unnecessary program costs; 3) effective accounting and reporting for appropriated funds; and 4) maximizing the effectiveness of FNS resources. Tightly focused performance measures for these outcomes are difficult to construct, and could require significant investment in new resources to develop. FNS intends to work to build measures that clearly and directly assess the achievement of outcomes in this area. In the interim, the following proxy measures have been identified as indicators of performance with regard to administrative efficiency:

- Baseline: In 1999, 69% of FSP benefits were issued through electronic benefits transfer (EBT). → **Target: Reach 100% by 2005**
- Baseline: In 1999, one State issued WIC benefits by EBT.
→ **Target: Increase to 4 States by 2005**
- Baseline: In 1999, 48% of senior (GS-13 and above) Agency positions were held by women; 23% by minorities. → **Target: Maintain above 46% for women, and increase to 26% minorities, by 2005**
- Baseline: In 1999, minority males represented 8.5 percent of the FNS workforce.
→ **Target: Increase to 9.5 percent by 2005**

RESOURCES NEEDED

Assuring accountability, efficiency and effectiveness in program operations requires a resource investment and a commitment to quality service at all levels of government. While resources allocated to Goal 1 primarily represent appropriated funds to support provision of nutrition assistance benefits, the resources under Goal 2 largely support administrative activity at the Federal, State and local levels. These activities focus in four key areas—operational management and support, program oversight, automated systems development and operation, and program data collection. Many of these activities are highly labor-

intensive; in particular, the oversight function requires significant commitments of staff and travel resources to permit observation and review of State and local program operations.

It is also important to recognize that, while efforts and initiatives related to Goal 2 are labor-intensive, a number hold great potential to reduce net program costs by reducing funds lost to error and abuse. For example, between 1993 and 1996, oversight and technical assistance activities lowered Food Stamp error rates, resulting in \$660 million in savings. A CACFP integrity oversight effort in fiscal year 1997 involving seven Federal employees yielded \$4.2 million in recoveries from program sponsors. Investment in these kinds of stewardship activities can save money.

Unfortunately, efforts to maintain and improve performance related to this goal have been significantly hampered in recent years by a lack of adequate resources to carry out these activities. External audits by the General Accounting Office and the Department of Agriculture's Office of Inspector General have cited insufficient staff to exert proper oversight of State administrative costs, State agency performance, and debt management practices. In these and other areas, limited Federal staff have led to the need to deploy staff to manage crises, rather than focus on proactive strategies that can prevent problems and reduce waste and inefficiency.

Of necessity, FNS has focused on finding efficiencies that can be implemented as funding has failed to keep up with inflation, or has been reduced. Automation has been installed wherever possible; reorganization has been used to eliminate duplication or overlap of functions; employee services have been pared back to the minimum necessary as employee workload has increased. Given the current level of resources, the Agency will be forced to focus its efforts related to achieving this goal in a limited number of areas.

KEY EXTERNAL FACTORS AFFECTING GOAL ACHIEVEMENT

The achievement of this goal is also heavily impacted by actions, priorities and resource commitments at the State and local levels. This includes both the degree to which local program operators install sound management practices and systems and the degree to which States oversee and provide technical support to those local operators, have their own internal controls in place and are open to change and innovation. Quality performance in this area may entail the commitment of resources beyond what is provided by the Federal government.

In addition, FNS must secure the cooperation of the audit and law enforcement communities in order to maximize positive outcomes. FNS relies on the General Accounting Office and USDA's Office of Inspector General (OIG) as well as State and private auditors to provide needed information regarding program operations. It also relies on OIG, the FBI, the Secret Service, the U.S. Attorneys' Offices and State and local authorities to investigate and take appropriate legal action where fraud exists. Technological advances in the society at large – such as the development of the Internet and the spread of the network that supports issuance of benefits through electronic systems – also affect program performance in this goal area.

It is also important that key players like the retail food industry, the banking sector and professional associations representing industry, and State and local governments set and enforce high ethical standards for their members, since it is impossible for the Federal government to police these programs without broad-based support from the stakeholder community. Whenever possible it is critical that legislation support efficient program operations. In this regard, Congressional and Administration policies and actions play a key role in securing desired program outcomes.

PROGRAM EVALUATION

As noted in Goal 1, FNS has an established track record of program evaluation, including the degree to which the programs conform to high standards for efficiency and accountability. Information for this purpose has relied heavily on program reviews and audits, State administrative data and special studies, surveys and demonstration projects commissioned by the Agency. Examples of this can be seen in the use of Food Stamp quality control data and the development of a Food Stamp trafficking measure, as well as the careful development and evaluation of EBT demonstrations for both the Food Stamp and WIC Programs. In addition, each nutrition program has State and internal Federal review requirements that result in the availability of a body of information that can be used at the local, State or national level to correct problems and identify the need for changes in policy or practice.

It is also true, however, that information is not always effectively used for this purpose and that data or measures do not exist for every program or program area where it may be needed. In fact, FNS recognizes that the outcome measures in this plan relevant to Goal 2 need additional refinement. However, the Agency is severely constrained from making progress in this area by a lack of resources. Since FNS no longer controls the dollars available to support nutrition program research, it cannot guarantee its ability to pursue the special studies or demonstration projects that would support improved efficiency or accountability in the programs. In addition, as also noted above, staff resources are inadequate to conduct the level of review, analysis and corrective action activity warranted by the size, complexity and vulnerability of the programs. The only recourse in this situation is to establish a limited number of priority activities in each year's performance plan that represent the most pressing management problems for the Agency's programs.

IV. MOVING FORWARD

FNS is seeking through this strategic plan to chart a course for Federal nutrition assistance programs over the next five years. The Agency intends to reach these goals by setting performance-based program priorities each year through its annual performance plans, and to work both within and outside its organization to implement these plans.

Within FNS, the Agency will improve its internal processes to better integrate the strategic goals and objectives into internal planning and operations. FNS is developing an integrated system of planning that will better link the strategic and performance plans to operational planning and priority-setting. The new planning system will better utilize the resources of the Agency in meeting performance goals and strategic objectives.

Successful implementation of the plan will require the active support of external program partners and stakeholders. FNS worked closely with these parties in preparing the plan to reflect shared goals and achieve "buy in." We intend to use it as a basis for developing shared commitments to achieve these goals. Working together, those implementing this plan can strengthen the safety net that Federal nutrition assistance represents, and improve the quality of life for all those served by these vital programs.

Appendix: FNS Nutrition Program Facts

1. Food and Nutrition Service (overview)
2. Food Stamp Program
3. National School Lunch Program
4. The School Breakfast Program
5. Special Milk Program
6. Child and Adult Care Food Program
7. The Summer Food Service Program
8. WIC: The Special Supplemental Nutrition Program for Women, Infants, and Children
9. The Emergency Food Assistance Program
10. Commodity Supplemental Food Program
11. The Food Distribution Program on Indian Reservations
12. Nutrition Program for the Elderly